

INSURANCE CODE

Cancellation or Failure to Renew Automobile Policy

488. No insurer shall, in issuing or renewing a private passenger automobile insurance policy, increase the premium on that policy for the reason that the insured or applicant for insurance has been convicted for traffic violations committed while operating a motor vehicle for compensation during the hours of his employment if, with respect to a conviction, the employee or applicant has submitted to the insurer a written declaration made by the employee under penalty of perjury that the applicant or insured was, at that time, operating a motor vehicle for compensation during the hours of his or her employment. This section applies only to those individuals whose specific duties include driving their employer's motor vehicles or individuals who have authority in their name from the Public Utilities Commission to operate as a highway carrier and who are the registered owners or lease operators of the motor vehicle used in the operation as a highway carrier.

This section does not apply to any insured or applicant for insurance convicted of any of the following:

(a) Homicide or assault arising out of the operation of a motor vehicle for compensation during the hours of employment.

(b) A violation while operating a motor vehicle for compensation during the hours of employment of any of the following sections or section subdivisions of the Vehicle Code:

(1) Subdivision (a) of Section 14601.

(2) Subdivision (a) of Section 14601.1.

(3) Subdivision (a) of Section 14601.2.

(4) Section 20001 or 20002.

(5) Subdivision (a) of Section 20008.

(6) Section 23103, 23104, 23152, or 23153.

This section shall not apply to any person insured under the California assigned risk plan prescribed by Article 4 (commencing with Section 11620), Chapter 1, Part 3, Division 2 of this code.

(Amended Ch. 792, Stats. 1985. Effective January 1, 1986.)

488.5. (a) No insurer shall, in issuing or renewing a private automobile insurance policy to a peace officer, member of the California Highway Patrol, or firefighter, with respect to his or her operation of a private motor vehicle, increase the premium on that policy for the reason that the insured or applicant for insurance has been involved in an accident while operating an authorized emergency vehicle, as defined in subdivision (a) or (f) of Section 165 of the Vehicle Code or in paragraph (1) or (2) of subdivision (b) of Section 165 of the Vehicle Code, in the performance of his or her duty during the hours of his or her employment.

(b) No insurer shall, in issuing or renewing a private automobile insurance policy to a federal officer or federal customs agent, with respect to his or her operation of a private motor vehicle, increase the premium on that policy for the reason that the insured or applicant for insurance has been involved in an accident while operating an official government vehicle in the performance of his or her duty during the hours of his or her employment.

(c) As used in this section:

(1) "Peace officer" means every person defined in Chapter 4.5 (commencing with Section 830) of Title 3 of Part 2 of the Penal Code.

(2) "Policy" shall have the same meaning as defined in subdivision (a) of Section 660.

(Amended Ch. 1098, Stats. 1993. Effective January 1, 1994.)

491. The rating plan of a motor vehicle liability insurer shall not provide for an increase in the premium if based upon an accident in which the insured is not at fault, in any manner, as determined by either the accident report or the insurer. In the event the insurer determines that its insured is at fault contrary to an accident report's specific finding that the insured is not at fault, the insurer shall reach its conclusion only after an investigation.

(Added Ch. 470, Stats. 1986. Effective January 1, 1987.)

557.5. No peace officer, member of the California Highway Patrol, or firefighter shall be required to report any accident in which he or she is involved while operating an authorized emergency vehicle, as defined in subdivision (a) or (f) of Section 165 of the Vehicle Code or in paragraph (1) or (2) of subdivision (b) of Section 165 of the Vehicle Code in the performance of his or her duty during the hours of his or her employment, to any person who has issued that peace officer, member of the California

Highway Patrol, or firefighter a private automobile insurance policy.

As used in this section:

(a) "Peace officer" means every person defined in Chapter 4.5 (commencing with Section 830) of Title 3 of Part 2 of the Penal Code.

(b) "Policy" shall have the same meaning as defined in subdivision (a) of Section 660. (Amended Ch. 1098, Stats. 1993. Effective January 1, 1994.)

557.6. Any peace officer or firefighter as defined pursuant to this section who has been involved in an accident shall submit to his or her private automobile insurer within 30 days of the accident his or her written declaration under penalty of perjury stating whether or not at the time of the accident he or she was operating an authorized emergency vehicle, as defined in subdivision (a) or (f) of Section 165 of the Vehicle Code or in paragraph (1) or (2) of subdivision (b) of Section 165 of the Vehicle Code in the performance of his or her duty during the hours of his or her employment. In lieu of a written declaration, the peace officer or firefighter may submit to the private automobile insurer a copy of the incident report filed by the peace officer or firefighter with his or her employer.

As used in this section, "peace officer" means every person defined in Chapter 4.5 (commencing with Section 830) of Title 3 of Part 2 of the Penal Code, and firefighter means every person defined in Section 50925 of the Government Code.

(Amended Ch. 1098, Stats. 1993. Effective January 1, 1994. Supersedes Ch. 919.)

658. Where any admitted insurer, licensed to issue motor vehicle liability policies as defined in Section 16450 of the Vehicle Code, refuses to accept an applicant for a good driver discount policy as defined in paragraph (1) of subdivision (b) of Section 1861.02 or refuses to issue a good driver discount policy when written application has been made, and where the applicant meets the criteria for purchase of a good driver discount policy, the refusing insurer shall furnish the applicant for insurance a written statement within 10 days of the refusal explaining the reason or reasons relied upon for denying insurance coverage.

(Added Ch. 1255, Stats. 1992. Effective January 1, 1993.)

660. As used in this chapter:

(a) "Policy" means an automobile liability, automobile physical damage, or automobile collision policy, or any combination thereof, delivered or issued for delivery in this state, insuring a single individual or individuals residing in the same household, as named insured, and under which the insured vehicles therein designated are of the following types only:

(1) A motor vehicle of the private passenger or station wagon type that is not used as a public or livery conveyance for passengers, nor rented to others; or

(2) Any other four-wheel motor vehicle with a load capacity of 1,500 pounds or less which is not used in the occupation, profession, or business of the insured; provided, however, that this chapter shall not apply (i) to any policy issued under an automobile assigned risk plan, or (ii) to any policy insuring more than four automobiles, or (iii) to any policy covering garage, automobile sales agency, repair shop, service station, or public parking place operation hazards; or

(3) A motorcycle.

(b) "Automobile liability coverage" includes only coverage of bodily injury and property damage liability, medical payments, and uninsured motorists coverage.

(c) "Automobile physical damage coverage" includes all coverage of loss or damage to an automobile insured under the policy except loss or damage resulting from collision or upset.

(d) "Automobile collision coverage" includes all coverage of loss or damage to an automobile insured under the policy resulting from collision or upset.

(e) "Renewal" or "to renew" means to continue coverage with either the insurer which issued the policy or an affiliated insurer, as defined in Section 1215, for an additional policy period upon expiration of the current policy period of a policy, provided that if coverage is continued with an affiliated insurer, it shall be the same or broader coverage as provided by the present insurer, and the insured shall be notified in writing at least 20 days prior to expiration of the current policy period of all of the following: (1) That the insurer has determined that it will not offer renewal of the policy with the present insurer, (2) That it is offering replacement in an affiliated insurer, and (3) That the insured may obtain in writing the reasons for the change in insurers if he or she requests in writing not later than one month following the expiration of the policy period the reason or reasons for the change in insurers. Any policy with a policy period or term of six months or less, whether or not made continuous for successive terms upon the payment of additional premiums, shall for

the purpose of this chapter be considered as if written for a policy period or term of six months. Any policy written for a term longer than one year, or any policy with no fixed expiration date, shall for the purpose of this chapter, be considered as if written for successive policy periods or terms of one year.

(f) "Nonpayment of premium" means failure of the named insured to discharge when due any of his obligations in connection with the payment of premiums on a policy, or any installment of such premium, whether the premium is payable directly to the insurer or its agent or indirectly under any premium finance plan or extension of credit.

(g) "Cancellation" means termination of coverage by an insurer (other than termination at the request of the insured) during a policy period.

(h) "Nonrenewal" means a notice by the insurer to the named insured that the insurer is unwilling to renew a policy.

(i) "Expiration" means termination of coverage by reason of the policy having reached the end of the term for which it was issued or the end of the period for which a premium has been paid.

(Amended Ch. 31, Stats. 1984. Effective January 1, 1985.)

661. (a) A notice of cancellation of a policy shall be effective only if it is based on one or more of the following reasons:

(1) Nonpayment of premium.

(2) The driver's license or motor vehicle registration of the named insured or of any other operator who either resides in the same household or customarily operates an automobile insured under the policy has been under suspension or revocation during the policy period or, if the policy is a renewal, during its policy period or the 180 days immediately preceding its effective date.

(3) Discovery of fraud by the named insured in pursuing a claim under the policy provided the insurer does not rescind the policy.

(4) Discovery of material misrepresentation of any of the following information concerning the named insured or any resident of the same household who customarily operates an automobile insured under the policy:

(A) Safety record.

(B) Annual miles driven in prior years.

(C) Number of years of driving experience.

(D) Record of prior automobile insurance claims, if any.

(E) Any other factor found by the commissioner to have a substantial relationship to the risk of loss.

Any insured who negligently misrepresents information described in this paragraph may avoid cancellation by furnishing corrected information to the insurer within 20 days after receiving notice of cancellation and agreeing to pay any difference in premium for the policy period in which the information remained undisclosed.

(5) A substantial increase in the hazard insured against.

(b) This section shall not apply to any policy or coverage that has been in effect less than 60 days at the time notice of cancellation is mailed or delivered by the insurer unless it is a renewal policy.

(c) Modification of automobile physical damage coverage by the inclusion of a deductible not exceeding one hundred dollars (\$100) shall not be deemed a cancellation of the coverage or of the policy.

(d) This section shall not apply to nonrenewal.

(Amended Sec. 1, Ch. 309, Stats. 1999. Effective January 1, 2000.)

662. No notice of cancellation of a policy to which Section 661 applies shall be effective unless mailed or delivered by the insurer to the named insured at least 20 days prior to the effective date of cancellation; provided, however, that where cancellation is for nonpayment of premium, at least 10 days' notice of cancellation accompanied by the reason therefor shall be given. Unless the reason accompanies or is included in the notice of cancellation, the notice of cancellation shall state or be accompanied by a statement that upon written request of the named insured, mailed or delivered to the insurer not less than 15 days prior to the effective date of cancellation, the insurer will specify the reason for such cancellation.

This section shall not apply to nonrenewal.

663. (a) Before policy expiration, an insurer shall deliver to or mail to the named insured, at the address shown on the policy, one of the following:

(1) At least 20 days before expiration, a written or verbal offer of renewal of the policy, contingent upon payment of premium as stated in the offer.

(2) At least 30 days before expiration, a written notice of nonrenewal of the policy,

including the statement required by Section 666.

(b) (1) An insurer that delivers a verbal offer to renew that is declined by an insured shall, at least 20 days before expiration of the policy, deliver to or mail to the named insured, at the address shown on the policy, a written confirmation of the offer and rejection.

(2) An insurer that attempts to satisfy subdivision (a) with a verbal offer to renew, but is unable to contact the named insured directly at least 20 days before policy expiration, shall, at least 20 days before policy expiration, deliver to or mail to the named insured, at the address shown on the policy, a written offer to renew the policy, contingent upon payment of premium as stated in the offer.

(c) In the event that an insurer fails to give the named insured either an offer of renewal or notice of nonrenewal as required by this section, the existing policy, with no change in its terms and conditions, shall remain in effect for 30 days from the date that either the offer to renew or the notice of nonrenewal is delivered or mailed to the named insured. A notice to this effect shall be provided by the insurer to the named insured with the policy or the notice of renewal or nonrenewal. Notwithstanding the failure of an insurer to comply with this section, the policy shall terminate on the effective date of any other replacement or succeeding automobile insurance policy procured by the insured, or his agent or broker, with respect to any automobile designated in both policies.

(d) The insurer shall not be required to notify the named insured, or any other insured, of nonrenewal of the policy if the insurer has mailed or delivered a notice of expiration or cancellation, on or prior to the 30th day preceding expiration of the policy period.

(Amended Sec. 1, Ch. 791, Stats. 1995. Effective January 1, 1996.)

663.5. (a) No insurer shall fail to renew a policy solely on the basis of the age of the insured.

(b) On and after January 1, 2000, no insurer shall fail to renew a policy solely on the grounds that a claim is pending under the policy. This subdivision shall not be construed to limit an insurer's ability to nonrenew a policy based upon a directive from the commissioner for solvency or other financially related issues. This subdivision shall not be construed to limit an insurer's right to cancel a policy pursuant to Section 676.

(Amended Sec. 1, Ch. 313, Stats. 1999. Effective January 1, 2000.)

664. Proof of mailing of notice of cancellation, or of intention not to renew or of reasons for cancellation, to the named insured at the address shown in the policy or to the named insured's latest known address, shall be sufficient proof of notice.

(Amended Ch. 595, Stats. 1968. Effective January 1, 1969.)

664.5. Any insurer who requires periodic physical examinations of an insured as a condition of renewal of a policy shall pay the cost of such physical examinations, except that an insurer shall not pay any cost if it elects to accept the certified written results of an insured's physical examination voluntarily conducted within 12 months preceding the policy expiration or renewal date.

(Added Ch. 296. Effective January 1, 1976.)

665. When a policy of automobile liability insurance is canceled, other than for nonpayment of premium, or in the event of failure to renew a policy of automobile liability insurance to which Section 663 applies, the insurer shall notify the named insured of his possible eligibility for automobile liability insurance through the automobile liability assigned risk plan. Such notice shall accompany or be included in the notice of cancellation or the notice of intent not to renew.

666. Where the reason for cancellation does not accompany or is not included in the notice of cancellation, the insurer shall upon written request of the named insured, mailed or delivered to the insurer not less than 15 days prior to the effective date of cancellation, specify in writing the reason for such cancellation. Such reason shall be mailed or delivered to the named insured within five days after receipt of such request.

667. There shall be no liability on the part of, and no cause of action of any nature shall arise against, the Insurance Commissioner or against any insurer, its authorized representative, its agents, its employees, or any firm, person, or corporation furnishing to the insurer information as to reasons for cancellation or nonrenewal, for any statement made by any of them in any written notice of cancellation or renewal, or in any other communication, oral or written, specifying the reasons for cancellation or nonrenewal, or the providing of information pertaining thereto, or for statements made or evidence submitted at any hearings conducted in connection therewith.

(Amended Ch. 227, Stats. 1969. Effective November 10, 1969.)

668. Section 663 shall not apply to policies of liability insurance issued pursuant to assigned risk plans.

(Added Ch. 595, Stats. 1968. Operative January 1, 1969.)

668.5. No cancellation of a policy or coverage of insurance subject to this chapter but not subject to Section 661 or 662 (because it has been in effect less than 60 days) shall be effective unless a notice of cancellation subject to Sections 664 and 665, when applicable, but not to any other provision of this chapter, be mailed or delivered by the insurer to the named insured not later than the 59th day following its effective date and at least 10 days prior to the effective date of cancellation.

(Amended Ch. 982, Stats. 1974. Effective January 1, 1975.)

669. Any insurer willfully violating any provisions of Section 663 is guilty of a misdemeanor and is punishable by a fine of not exceeding five hundred dollars (\$500) for each violation thereof.

(Added Ch. 595, Stats. 1968. Operative January 1, 1969.)

669.5. No insurer shall fail to renew any private automobile insurance policy of a peace officer, member of the California Highway Patrol, or firefighter, with respect to his or her operation of a private motor vehicle, for the reason that the insured has been involved in an accident while operating an authorized emergency vehicle, as defined in subdivision (a) of Section 165 of the Vehicle Code or in paragraph (1) or (2) of subdivision (b) or (f) of Section 165 of the Vehicle Code, in the performance of his or her duty during the hours of his or her employment. As used in this section, "peace officer" means every person defined in Chapter 4.5 (commencing with Section 830) of Title 3 of Part 2 and Section 830.6 of the Penal Code, and "firefighter" means every person defined in Section 50925 of the Government Code.

In the case of a volunteer firefighter, this section applies to the regular employer of the volunteer firefighter to the extent that the involvement of the volunteer firefighter in the accident shall not be cause for the employer's insurer's decision to renew the employer's insurance policy as it applies to the employee covered by this section.

(Amended Ch. 1098, Stats. 1993. Effective January 1, 1994. Supersedes Ch. 919.)

670. (a) No admitted insurer licensed to issue motor vehicle liability policies, as defined in Section 16450 of the Vehicle Code, shall cancel, or refuse to renew, a motor vehicle liability insurance policy covering drivers hired to drive by a commercial business establishment nor execute the agreement specified in paragraph (1) of subdivision (d) of Section 11580.1 with respect to those drivers for the reason that those drivers have been convicted of violations of the Vehicle Code or the traffic laws of any subdivision of the state which were committed while operating private passenger vehicles not owned or leased by their employer.

(b) This section does not apply to any drivers convicted of any of the following:

(1) Homicide or assault arising out of the operation of a private passenger motor vehicle.

(2) A violation while operating a private passenger motor vehicle of any of the following sections or section subdivisions of the Vehicle Code:

(A) Subdivision (a) of Section 14601.

(B) Subdivision (a) of Section 14601.1.

(C) Subdivision (a) of Section 14601.2.

(D) Section 20001 or 20002.

(E) Subdivision (a) of Section 20008.

(F) Section 23104.

(G) Subdivision (c) of Section 23152.

(H) Section 23153.

(3) A violation, while operating a private passenger motor vehicle, of subdivision (a) or (b) of Section 23152 of the Vehicle Code punishable under Section 23540 or 23546 of the Vehicle Code.

(Amended Sec. 1.13, Ch. 118, Stats. 1998. Effective January 1, 1999. Operative July 1, 1999.)

671. No insurer issuing an automobile collision policy, as defined in Section 660, or a policy for comprehensive coverage for an automobile, as defined in Section 11580.07, shall refuse to issue the policy of insurance, or the policy in combination with other coverages, when the refusal is based solely on the age of the automobile to be insured, if the market value of the automobile exceeds two thousand five hundred dollars (\$2,500).

This section does not apply to any policy which includes coverage for losses resulting from wear and tear or from normal deterioration of an automobile or its component

parts, nor to any policy which provides coverage for an antique or classic automobile. (Added Ch. 1290, Stats. 1988. Effective January 1, 1989.)

Good Driver Discount

1861.025. A person is qualified to purchase a Good Driver Discount policy if he or she meets all of the following criteria:

- (a) He or she has been licensed to drive a motor vehicle for the previous three years.
- (b) During the previous three years, he or she has not done any of the following:
 - (1) Had more than one violation point count determined as provided by subdivision (a), (b), (c), (d), (e), (g), or (h) of Section 12810 of the Vehicle Code, but subject to the following modifications:

For the purposes of this section, the driver of a motor vehicle involved in an accident for which he or she was principally at fault that resulted only in damage to property shall receive one violation point count, in addition to any other violation points which may be imposed for this accident.

If, under Section 488 or 488.5, an insurer is prohibited from increasing the premium on a policy on account of a violation, that violation shall not be included in determining the point count of the person.

If a violation is required to be reported under Section 1816 of the Vehicle Code, or under Section 784 of the Welfare and Institutions Code, or any other provision requiring the reporting of a violation by a minor, the violation shall be included for the purposes of this section in determining the point count in the same manner as is applicable to adult violations.

(2) Had more than one dismissal pursuant to Section 1803.5 of the Vehicle Code that was not made confidential pursuant to Section 1808.7 of the Vehicle Code, in the 36-month period for violations that would have resulted in the imposition of more than one violation point count under paragraph (1) if the complaint had not been dismissed.

(3) Was the driver of a motor vehicle involved in an accident that resulted in bodily injury or in the death of any person and was principally at fault. The commissioner shall adopt regulations setting guidelines to be used by insurers for the determination of fault for the purposes of this paragraph and paragraph (1).

(c) During the previous seven years, he or she has not been convicted of a violation of Section 23140, 23152, or 23153 of the Vehicle Code, a felony violation of Section 23550 or 23566, or former Section 23175, as Section 23175 read on January 1, 1999, of the Vehicle Code, or a violation of Section 191.5 or paragraph (3) of subdivision (c) of Section 192 of the Penal Code.

(d) Any person who claims that he or she meets the criteria of subdivisions (a), (b), and (c) based entirely or partially on a driver's license and driving experience acquired anywhere other than in the United States or Canada is rebuttably presumed to be qualified to purchase a Good Driver Discount policy if he or she has been licensed to drive in the United States or Canada for at least the previous 18 months and meets the criteria of subdivisions (a), (b), and (c) for that period.

(Amended Sec. 6, Ch. 853, Stats. 1999. Effective January 1, 2000.)

Motor Vehicle Theft and Motor Vehicle Insurance Fraud Reporting

1874. This article shall be known and may be cited as the Motor Vehicle Theft and Motor Vehicle Insurance Fraud Reporting Act.

(Added Ch. 1119, Stats. 1989. Effective January 1, 1990.)

1874.1. The following definitions govern the construction of this article, unless the context requires otherwise:

(a) "Authorized governmental agency" means the Department of the California Highway Patrol, the Department of Insurance, the Department of Justice, the Department of Motor Vehicles, the police department of a city, or a city and county, the sheriff's office or department of a county, a law enforcement agency of the federal government, the district attorney of any county, or city and county, and any licensing agency governed by the Business and Professions Code.

(b) "Relevant" means having a tendency to make the existence of any fact that is of consequence to the investigation or determination of an issue more probable or less probable than it would be without the information.

(c) Information shall be deemed important if, within the sole discretion of the authorized governmental agency, that information is requested by that authorized governmental agency.

(d) "Insurer" means the automobile assigned risk plan established pursuant to Section 11620 of the Insurance Code, as well as any insurer writing insurance for motor vehicles or otherwise liable for any loss due to motor vehicle theft or motor

vehicle insurance fraud.

(e) "Motor vehicle" means motor vehicle as defined in Section 415 of the Vehicle Code.

(Added Ch. 1119, Stats. 1989. Effective January 1, 1990.)

1874.2. (a) Upon written request to an insurer by an authorized governmental agency, an insurer, or agent authorized by that insurer to act on behalf of the insurer, shall release to the requesting authorized governmental agency any or all relevant information deemed important to the authorized governmental agency which the insurer may possess relating to any specific motor vehicle theft or motor vehicle insurance fraud. Relevant information may include, but is not limited to, all of the following:

(1) Insurance policy information relevant to the motor vehicle theft or motor vehicle insurance fraud under investigation, including, but not limited to, any application for a policy.

(2) Policy premium payment records which are available.

(3) History of previous claims made by the insured.

(4) Information relating to the investigation of the motor vehicle theft or motor vehicle insurance fraud, including statements of any person, proof of loss, and notice of loss.

(b) (1) When an insurer knows or reasonably believes it knows the identity of a person whom it has reason to believe committed a criminal or fraudulent act relating to a motor vehicle theft or motor vehicle insurance claim or has knowledge of such a criminal or fraudulent act which is reasonably believed not to have been reported to an authorized governmental agency, then, for the purpose of notification and investigation, the insurer, or an agent authorized by an insurer to act on its behalf, shall notify the local police department, sheriff's office, the Department of the California Highway Patrol, or district attorney's office, and may notify any other authorized governmental agency of that knowledge or reasonable belief and provide any additional information in accordance with subdivision (a).

(2) When an insurer provides the local police department, sheriff's office, the Department of the California Highway Patrol, or district attorney's office with notice pursuant to this section, it shall be deemed sufficient notice to all authorized governmental agencies for the purpose of this chapter. Nothing in this section shall relieve an insurer of its obligations under Section 12992 of the Insurance Code.

(3) Nothing in this subdivision shall abrogate or impair the rights or powers created under subdivision (a).

(c) The authorized governmental agency provided with information pursuant to subdivision (a) or (b) may release or provide that information to any other authorized governmental agency.

(d) An authorized governmental agency shall notify the affected insurer in writing when it has reason to believe that a fraudulent act relating to a motor vehicle theft or motor vehicle insurance claim has been committed. The agency shall provide this notice within a reasonable time, not to exceed 30 days. The agency may also release more specific information pursuant to this section when it determines that an ongoing investigation would not be jeopardized. The agency may require a fee from the insurer equal to the cost of providing the notice or the information specified in this section.

(e) An insurer providing information to an authorized agency pursuant to this section shall provide the information within a reasonable time, but not to exceed 30 days from the day on which the duty arose.

(Added Ch. 1119, Stats. 1989. Effective January 1, 1990.)

1874.3. (a) Any information acquired pursuant to this article shall not be a part of any public record. Except as otherwise provided by law, any authorized governmental agency, an insurer, or an agent authorized by an insurer to act on its behalf, which receives any information furnished pursuant to this article shall not release that information to public inspection.

(b) The evidence or information described in this section shall be privileged and shall not be subject to subpoena or subpoena duces tecum in a civil or criminal proceeding unless, after reasonable notice to any insurer, agent authorized by an insurer to act on its behalf, and an authorized governmental agency which has an interest in the information, and a hearing, the court determines that the public interest and any ongoing investigation by the authorized governmental agency, insurer, or an agent authorized by an insurer to act on its behalf will not be jeopardized by its disclosure, or by the issuance of and compliance with a subpoena or subpoena duces tecum.

(Added Ch. 1119, Stats. 1989. Effective January 1, 1990.)

Disclosure of Information

11580.08. With respect to disclosure of the fact of an arrest for any violation of the Vehicle Code or of a city or county ordinance or resolution relating to vehicles or their operators or owner which did not result in a conviction, the issuer, or his agency or employee, of any policy of automobile liability insurance (as described in Section 16056 of the Vehicle Code), any motor vehicle liability policy (as described in Section 16450 of the Vehicle Code), or any policy or coverage described in Section 660, shall not inquire of an applicant whether he has been arrested under such circumstances or to condition the issuance of any such policy on the applicant's making such disclosure.

(Added Ch. 420, Stats. 1975. Effective January 1, 1976.)

11580.09. (a) Any policy of automobile liability insurance shall contain a notice stating limits of future coverage. The notice shall be prominently displayed on the first page of the policy or in related documents which are provided to the policyholder.

(b) For the purposes of this section:

(1) "Automobile liability insurance policy" means a policy of automobile liability insurance, and any other policy of automobile insurance that contains as a component automobile liability insurance, but limited to those policies that are defined in Section 660.

(2) "Limits of future coverage" means specified reasons for which the insurer may cancel or refuse to renew the policy or increase the premium for the same coverage.

(3) "Notice" means the specific information specified in paragraph (2) or a clear and concise reference to the exact location of the information in the policy or in related documents provided to the policyholder.

(c) For the purposes of notice of cancellation, the insurer shall list those grounds for valid notice of cancellation as specified in Section 661.

(d) For the purposes of nonrenewal or premium increase, the insurer shall state the reasons for this action which shall include, if applicable, but not be limited to, the following:

(1) Accident involvement by an insured, and whether the insured is at fault in the accident.

(2) A change in, or an addition of, an insured vehicle.

(3) A change in, or addition of, an insured under the policy.

(4) A change in the location of garaging of an insured vehicle.

(5) A change in the use of the insured vehicle.

(6) Convictions for violating any provision of the Vehicle Code or the Penal Code relating to the operation of a motor vehicle.

(7) The payment made by an insurer due to a claim filed by an insured or a third party.

(e) A statement shall be included in the nonrenewal section that some nonrenewals and premium increases may result from reasons that are not specified in subdivision (d) for an insurer that are both lawful and not unfairly discriminatory.

(Added Ch. 1143, Stats. 1988. Operative April 1, 1989.)

11580.011. (a) As used in this section, "child passenger restraint system" means a system as described in Section 27360 of the Vehicle Code.

(b) Every policy of automobile liability insurance, as described in Section 16054 of the Vehicle Code, shall provide liability coverage for replacement of a child passenger restraint system that was in use by a child during an accident for which liability coverage under the policy is applicable due to the liability of an insured.

(c) Every policy of automobile liability insurance that provides uninsured motorist property damage coverage, as described in paragraph (2) of subdivision (a) of Section 11580.26, shall provide coverage for replacement of a child passenger restraint system that was in use by a child during an accident for which uninsured motorist property damage coverage under the policy is applicable due to the liability of an uninsured motorist.

(d) Every policy that provides automobile collision coverage or automobile physical damage coverage, as described in Section 660, shall include a child passenger restraint system within the definition of covered property, if the child passenger restraint system was in use by a child during an accident.

(e) Upon the filing of a claim pursuant to a policy described in subdivision (b), (c), or (d), unless otherwise determined, an insurer shall have an obligation to ask whether a child passenger restraint system was in use by a child during an accident that is covered by the policy, and an obligation to replace the child passenger restraint system in accordance with this section if it was in use by a child during the accident or reimburse the claimant for

the cost of purchasing a new child passenger restraint system.

(f) An insured, upon acquiring a replacement child passenger restraint system, may surrender the child passenger restraint system that was replaced to the nearest office of the Department of the California Highway Patrol.

(Amended Sec. 1, Ch. 703, Stats. 2002. Effective January 1, 2003.)

Required Provisions for Liability Policy

11580.1. (a) No policy of automobile liability insurance described in Section 16054 of the Vehicle Code covering liability arising out of the ownership, maintenance, or use of any motor vehicle shall be issued or delivered in this state on or after the effective date of this section unless it contains the provisions set forth in subdivision (b). However, none of the requirements of subdivision (b) shall apply to the insurance afforded under the policy (1) to the extent that the insurance exceeds the limits specified in subdivision (a) of Section 16056 of the Vehicle Code, or (2) if the policy contains an underlying insurance requirement, or provides for a retained limit of self-insurance, equal to or greater than the limits specified in subdivision (a) of Section 16056 of the Vehicle Code.

(b) Every policy of automobile liability insurance to which subdivision (a) applies shall contain all of the following provisions:

(1) Coverage limits not less than the limits specified in subdivision (a) of Section 16056 of the Vehicle Code.

(2) Designation by explicit description of, or appropriate reference to, the motor vehicles or class of motor vehicles to which coverage is specifically granted.

(3) Designation by explicit description of the purposes for which coverage for those motor vehicles is specifically excluded.

(4) Provision affording insurance to the named insured with respect to any owned or leased motor vehicle covered by the policy, and to the same extent that insurance is afforded to the named insured, to any other person using the motor vehicle, provided the use is by the named insured or with his or her permission, express or implied, and within the scope of that permission, except that: (i) with regard to insurance afforded for the loading or unloading of the motor vehicle, the insurance may be limited to apply only to the named insured, a relative of the named insured who is a resident of the named insured's household, a lessee or bailee of the motor vehicle, or an employee of any of those persons; and (ii) the insurance afforded to any person other than the named insured need not apply to: (A) any employee with respect to bodily injury sustained by a fellow employee injured in the scope and course of his or her employment, or (B) any person, or to any agent or employee thereof, employed or otherwise engaged in the business of selling, repairing, servicing, delivering, testing, road-testing, parking, or storing automobiles with respect to any accident arising out of the maintenance or use of a motor vehicle in connection therewith. As used in this chapter, "owned motor vehicle" includes all motor vehicles described and rated in the policy.

(c) In addition to any exclusion provided in paragraph (3) of subdivision (b), the insurance afforded by any policy of automobile liability insurance to which subdivision (a) applies, including the insurer's obligation to defend, may, by appropriate policy provision, be made inapplicable to any or all of the following:

(1) Liability assumed by the insured under contract.

(2) Liability for bodily injury or property damage caused intentionally by or at the direction of the insured.

(3) Liability imposed upon or assumed by the insured under any workers' compensation law.

(4) Liability for bodily injury to any employee of the insured arising out of and in the course of his or her employment.

(5) Liability for bodily injury to an insured or liability for bodily injury to an insured whenever the ultimate benefits of that indemnification accrue directly or indirectly to an insured.

(6) Liability for damage to property owned, rented to, transported by, or in the charge of, an insured. A motor vehicle operated by an insured shall be considered to be property in the charge of an insured.

(7) Liability for any bodily injury or property damage with respect to which insurance is or can be afforded under a nuclear energy liability policy.

(8) Any motor vehicle or class of motor vehicles, as described or designated in the policy, with respect to which coverage is explicitly excluded, in whole or in part.

The term "the insured" as used in paragraphs (1), (2), (3), and (4) shall mean only that insured under the policy against whom the particular claim is made or suit

brought. The term "an insured" as used in paragraphs (5) and (6) shall mean any insured under the policy including those persons who would have otherwise been included within the policy's definition of an insured but, by agreement, are subject to the limitations of paragraph (1) of subdivision (d).

(d) Notwithstanding the provisions of paragraph (4) of subdivision (b), or the provisions of Article 2 (commencing with Section 16450) of Chapter 3 of Division 7 of, or Article 2 (commencing with Section 17150) of Chapter 1 of Division 9 of, the Vehicle Code, the insurer and any named insured may, by the terms of any policy of automobile liability insurance to which subdivision (a) applies, or by a separate writing relating thereto, agree as to either or both of the following limitations, the agreement to be binding upon every insured to whom the policy applies and upon every third-party claimant:

(1) That coverage and the insurer's obligation to defend under the policy shall not apply nor accrue to the benefit of any insured or any third-party claimant while any motor vehicle is being used or operated by a natural person or persons designated by name. These limitations shall apply to any use or operation of a motor vehicle, including the negligent or alleged negligent entrustment of a motor vehicle to that designated person or persons. This agreement applies to all coverage provided by that policy and is sufficient to comply with the requirements of paragraph (2) of subdivision (a) of Section 11580.2 to delete coverage when a motor vehicle is operated by a natural person or persons designated by name. The insurer shall have an obligation to defend the named insured when all of the following apply to designated natural person:

(A) He or she is a resident of the same household as the named insured.

(B) As a result of operating the insured motor vehicle of the named insured, he or she is jointly sued with the named insured.

(C) He or she is an insured under a separate automobile liability insurance policy issued to him or her as a named insured, which policy does not provide a defense to the named insured.

An agreement made by the insurer and any named insured more than 60 days following the inception of the policy excluding a designated person by name shall be effective from the date of the agreement and shall, with the signature of a named insured, be conclusive evidence of the validity of the agreement.

That agreement shall remain in force as long as the policy remains in force, and shall apply to any continuation, renewal, or replacement of the policy by the named insured, or reinstatement of the policy within 30 days of any lapse thereof.

(2) That with regard to a policy issued to a named insured engaged in the business of leasing vehicles for those vehicles that are leased for a term in excess of six months, or selling, repairing, servicing, delivering, testing, road-testing, parking, or storing automobiles, coverage shall not apply to any person other than the named insured or his or her agent or employee, except to the extent that the limits of liability of any other valid and collectible insurance available to that person are not equal to the limits of liability specified in subdivision (a) of Section 16056 of the Vehicle Code. If the policy is issued to a named insured engaged in the business of leasing vehicles, which business includes the lease of vehicles for a term in excess of six months, and the lessor includes in the lease automobile liability insurance, the terms and limits of which are not otherwise specified in the lease, the named insured shall incorporate a provision in each vehicle lease contract advising the lessee of the provisions of this subdivision and the fact that this limitation is applicable except as otherwise provided for by statute or federal law.

(e) Nothing in this section or in Section 16054 or 16450 of the Vehicle Code shall be construed to constitute a homeowner's policy, personal and residence liability policy, personal and farm liability policy, general liability policy, comprehensive personal liability policy, manufacturers' and contractors' policy, premises liability policy, special multiperil policy, or any policy or endorsement where automobile liability coverage is offered as incidental to some other basic coverage as an "automobile liability policy" within the meaning of Section 16054 of the Vehicle Code, or as a "motor vehicle liability policy" within the meaning of Section 16450 of the Vehicle Code, nor shall any provision of this section apply to a policy that provides insurance covering liability arising out of the ownership, maintenance, or use of any motor vehicle in the Republic of Mexico issued or delivered in this state by a nonadmitted Mexican insurer, notwithstanding that the policy may provide automobile or motor vehicle liability coverage on insured premises or the ways immediately adjoining.

(f) On and after January 1, 1976, no policy of automobile liability insurance described in subdivision (a) shall be issued, amended, or renewed in this state if it

contains any provision that expressly or impliedly excludes from coverage under the policy the operation or use of an insured motor vehicle by the named insured in the performance of volunteer services for a nonprofit charitable organization or governmental agency by providing social service transportation. This subdivision shall not apply in any case in which the named insured receives any remuneration of any kind other than reimbursement for actual mileage driven in the performance of those services at a rate not to exceed the following:

(1) For the 1980–81 fiscal year, the maximum rate authorized by the State Board of Control, which shall also be known as the “base rate.”

(2) For each fiscal year thereafter, the greater of either (A) the maximum rate authorized by the State Board of Control or (B) the base rate as adjusted by the California Consumer Price Index.

No policy of insurance issued under this section may be canceled by an insurer solely for the reason that the named insured is performing volunteer services for a nonprofit charitable organization or governmental agency consisting of providing social service transportation.

For the purposes of this section, “social service transportation” means transportation services provided by private nonprofit organizations or individuals to either individuals who are senior citizens or individuals or groups of individuals who have special transportation needs because of physical or mental conditions and supported in whole or in part by funding from private or public agencies.

(g) Notwithstanding the provisions of paragraph (4) of subdivision (b) of this section, or the provisions of Article 2 (commencing with Section 16450) of Chapter 3 of Division 7 of, or Article 2 (commencing with Section 17150) of Chapter 1 of Division 9 of, the Vehicle Code, a Mexican nonadmitted insurer and any named insured may, by the terms of any policy of automobile insurance for use solely in the Republic of Mexico to which subdivision (a) applies, or by a separate writing relating thereto, agree to the limitation that coverage under that policy shall not apply to any person riding in or occupying a vehicle owned by the insured or driven by another person with the permission of the insured. The agreement shall be binding upon every insured to whom the policy applies and upon any third-party claimant.

(h) No policy of automobile insurance that provides insurance covering liability arising out of the ownership, maintenance or use of any motor vehicle solely in the Republic of Mexico issued by a nonadmitted Mexican insurance company, shall be subject to, or provide coverage for, those coverages provided in Section 11580.2.

(Amended Sec. 3, Ch. 313, Stats. 1999. Effective January 1, 2000.)

11580.8. The Legislature declares it to be the public policy of this state to avoid so far as possible conflicts and litigation, with resulting court congestion, between and among injured parties, insureds, and insurers concerning which, among various policies of liability insurance and the various coverages therein, are responsible as primary, excess, or sole coverage, and to what extent, under the circumstances of any given event involving death or injury to persons or property caused by the operation or use of motor vehicle.

The Legislature further declares it to be the public policy of this state that Section 11580.9 of the Insurance Code expresses the total public policy of this state respecting the order in which two or more of such liability insurance policies covering the same loss shall apply, and such public policy is not to be changed or modified by any provision of the Vehicle Code except in those express cases where the requirements of Article 2 (commencing with Section 16450) of Chapter 3 of Division 7 of the Vehicle Code apply with regard to a policy of liability insurance certified as provided in Section 16431 of the Vehicle Code.

(Added Ch. 300, Stats. 1970. Effective November 23, 1970.)

11580.9. (a) Where two or more policies affording valid and collectible automobile liability insurance apply to the same motor vehicle in an occurrence out of which a liability loss shall arise, and one policy affords coverage to a named insured engaged in the business of selling, repairing, servicing, delivering, testing, road-testing, parking, or storing motor vehicles, then both of the following shall be conclusively presumed:

(1) If, at the time of loss, the motor vehicle is being operated by any person engaged in any of these businesses, or by his or her employee or agent, the insurance afforded by the policy issued to the person engaged in the business shall be primary, and the insurance afforded by any other policy shall be excess.

(2) If, at the time of loss, the motor vehicle is being operated by any person other than as described in paragraph (1), the insurance afforded by the policy issued to any

person engaged in any of these businesses shall be excess over all other insurance available to the operator as a named insured or otherwise.

(b) Where two or more policies apply to the same loss, and one policy affords coverage to a named insured engaged in the business of renting or leasing motor vehicles without operators, it shall be conclusively presumed that the insurance afforded by that policy to a person other than the named insured or his or her agent or employee, shall be excess over and not concurrent with, any other valid and collectible insurance applicable to the same loss covering the person as a named insured or as an additional insured under a policy with limits at least equal to the financial responsibility requirements specified in Section 16056 of the Vehicle Code. The presumption provided by this subdivision shall apply only if, at the time of the loss, the involved motor vehicle either:

(1) Qualifies as a "commercial vehicle" as that term is used in Section 260 of the Vehicle Code.

(2) Has been leased for a term of six months or longer.

(c) Where two or more policies are applicable to the same loss arising out of the loading or unloading of a motor vehicle, and one or more of the policies is issued to the owner, tenant, or lessee of the premises on which the loading or unloading occurs, it shall be conclusively presumed that the insurance afforded by the policy covering the motor vehicle shall not be primary, notwithstanding anything to the contrary in any endorsement required by law to be placed on the policy, but shall be excess over all other valid and collectible insurance applicable to the same loss with limits up to the financial responsibility requirements specified in Section 16056 of the Vehicle Code; and, in that event, the two or more policies shall not be construed as providing concurrent coverage, and only the insurance afforded by the policy or policies covering the premises on which the loading or unloading occurs shall be primary and the policy or policies shall cover as an additional insured with respect to the loading or unloading operations all employees of the owner, tenant, or lessee while acting in the course and scope of their employment.

(d) Except as provided in subdivisions (a), (b), and (c), where two or more policies affording valid and collectible liability insurance apply to the same motor vehicle or vehicles in an occurrence out of which a liability loss shall arise, it shall be conclusively presumed that the insurance afforded by that policy in which the motor vehicle is described or rated as an owned automobile shall be primary and the insurance afforded by any other policy or policies shall be excess.

(e) Any insurance policy which, under the terms of subdivisions (a) to (d), inclusive, applies as excess coverage may provide with respect to any primary policy or to any loss to which primary insurance is not valid and collectible in whole or in part, that the excess policy shall apply only to the extent necessary to provide the insured with the coverage limits specified in Section 16056 of the Vehicle Code.

(f) The presumptions stated in subdivisions (a) to (d), inclusive, may be modified or amended only by written agreement signed by all insurers who have issued a policy or policies applicable to a loss described in these subdivisions and all named insureds under these policies.

(g) Where two or more personal policies affording valid and collectible liability insurance apply to the same motor vehicle in an occurrence out of which a loss shall arise, and one policy, as defined in subdivision (a) of Section 660, is primary, either by its terms or by operation of law, and one or more of the personal policies providing liability insurance, as defined in Section 108, are excess, either by their terms or by operation of law, then the following shall apply:

(1) Each insurer shall pay its share of the defense costs. Each insurers share of the defense costs shall be the percentage of the total defense costs equal to the amount of damage paid by that insurer as a percentage of total damages paid by all insurers whose policies apply to that motor vehicle.

(2) The term defense costs means, for purposes of this subdivision, reasonable attorneys fees and expenses, investigation expenses, expert witness fees, and costs allowable under Section 1033.5 of the Code of Civil Procedure.

(h) For purposes of this article, a certificate of self-insurance issued pursuant to Section 16053 of the Vehicle Code or a deposit of cash made pursuant to Section 16054.2 of the Vehicle Code or a bond in effect pursuant to Section 16054 of the Vehicle Code or a report of governmental ownership or lease filed pursuant to Section 16051 of the Vehicle Code shall be considered a policy of automobile liability insurance. However, this subdivision does not establish or provide the basis for any other form of liability for or upon a self-insurer or other person or entity holding, issuing, or

establishing any form of security as described herein.

(Amended Ch. 1252, Stats. 1994. Effective January 1, 1995.)

11580.10. Any liability insurer issuing or renewing an automobile liability policy or a motor vehicle liability policy within the meaning of subdivision (a) of Section 16054 of the Vehicle Code shall provide written notice to the named insured of the policy identification number that may be used for verifying financial responsibility for purposes of Section 16028 of the Vehicle Code. This notice may be provided in a written binder, if any, or in the policy documents provided upon issuance or renewal of the policy. The insurer shall provide at least two copies of the notice to the insured and shall, upon request and payment of the reasonable cost thereof, provide additional copies.

(Amended Ch. 1124, Stats. 1989. Effective January 1, 1990.)

11580.17. The department shall not prohibit an insurer from electing to inspect physically a motor vehicle for purposes of issuing a policy for collision or comprehensive coverage. The inspection of the motor vehicle shall be at no cost to the insured. The information ascertained from that inspection may only be used to determine the extent of insurability for collision or comprehensive coverage for the motor vehicle. If an insurer elects to conduct an inspection prior to offering comprehensive and collision insurance pursuant to this section, the insurer shall inspect every motor vehicle for which coverage is requested if the vehicle was not previously insured under a policy of comprehensive and collision coverage. An insurer may exempt from this requirement new motor vehicles if a copy of the sales contract is delivered to the insurer within five business days of the purchase of the new motor vehicle. The inspection shall be done by the insurer or its agent, and shall be performed not more than 20 miles from the address where the vehicle is insured, and during normal business hours.

(Added Sec. 1, Ch. 210, Stats. 2000. Effective January 1, 2001.)

Assigned Risk Plan

11624. The plan shall contain:

(a) Standards for determining eligibility of applicants for insurance, including a requirement of a certificate of eligibility as provided in Section 11624.08, and in establishing those standards the following may be taken into consideration in respect to the applicant or any other person who may reasonably be expected to operate the applicant's automobile with his or her permission:

(1) His or her criminal conviction record.

(2) His or her record of suspension or revocation of a license to operate an automobile.

(3) His or her automobile accident records.

(4) His or her age and mental, physical and moral characteristics which pertain to his or her ability to safely and lawfully operate an automobile.

(5) The condition or use of the automobile.

(b) Procedures for making application for insurance, for apportionment of eligible applicants among the subscribing insurers and for appeal to the commissioner by persons who believe themselves aggrieved by the operation of the plan.

(c) A provision that the organization administering the plan shall notify the Department of Insurance regarding the name of each applicant for insurance who is rejected by the assigned risk plan and the statutory grounds for the rejection. The information contained in that notification shall be for the confidential use of the Department of Insurance.

(d) Rules and regulations governing the administration and operation of the plan.

(e) Provisions showing the basis upon which premium charges shall be made, and the manner of payment thereof. Premium charges for the plan shall not be excessive, inadequate, nor unfairly discriminatory, and shall be actuarially sound so as to result in no subsidy of the plan. In no event shall the commissioner be required to approve a plan rate that includes a provision for operating profits greater than zero dollars. The commissioner shall not be required to allow a contingency provision with respect to a plan rate if the commissioner takes final action on an application for a rate change within 180 days from the date the application is submitted to the commissioner by the plans advisory committee. The plan shall include procedures for notifying within a reasonable time the agent, broker, or solicitor who obtained insurance under the plan for the insured of any nonpayment of premium to the insurer when notice of the nonpayment is sent to the insured pursuant to Section 662.

(f) Any other provisions as may be necessary to carry out the purpose of this article.

(Amended Ch. 1133, Stats. 1993. Effective January 1, 1994.)

11624.08. The plan shall require a certificate of eligibility to accompany the application for coverage. The certificate shall indicate whether or not the applicant meets the criteria for the purchase of a good driver discount policy as set forth in Section 1861.025 and, if so, the name of the insurer and the insurer's representative that denied the applicant automobile insurance coverage.

The fact that an applicant has specified in the certificate of eligibility a particular insurer as having denied automobile insurance coverage shall not, by itself, be sufficient to sustain a finding in a formal action brought by the commissioner under Section 1858.1 that the specified insurer in fact denied the applicant automobile insurance coverage in violation of paragraph (1) of subdivision (b) of Section 1861.02. The certificate shall be signed by the applicant under penalty of perjury to verify its accuracy, and shall only be required with applications for personal lines automobile insurance through the plan. The agent or broker shall also be required to sign the certificate of eligibility indicating that he or she has reviewed the certificate for completeness.

(Amended Ch. 1135, Stats. 1993. Effective January 1, 1994.)

11624.09. Upon a determination by the plan that a certificate of eligibility is defective due to an omission or mistake which is immaterial to determining the eligibility of the applicant for coverage, the plan shall immediately provide written notice of the defect or defects to the insured and to the agent or broker of record. The notice shall inform the applicant that he or she has 10 days from the postmark date of the notice to correct the defect and postmark the correction or missing information for return to the plan.

In the event that the defect is not corrected within that 10-day time period, the policy is void from inception. Providing a photocopy of the application or certificate denoting the specific defect or defects shall be adequate to comply with the requirement to specify the defects in the certificate.

For purposes of this section, failure to provide a required telephone number, time of day, producer number, producer signature, date or information that is omitted but can be determined by questions answered or information provided in other sections of the application or documents submitted as part of the application, shall be considered an omission or mistake immaterial to determining the eligibility of the applicant for the plan coverage. A certificate of eligibility that is submitted to the plan as to which the applicant did not demonstrate a good faith effort in completing or where the applicant has made a willful misrepresentation shall not be subject to this section. In the event that the defect is material to determining the eligibility of the applicant for coverage, the policy is void from inception.

(Amended Ch. 1255, Stats. 1992. Effective January 1, 1993.)

11624.5. No insurance agent, broker or solicitor shall make any charge to the applicant, directly or indirectly, for furnishing any person the necessary application forms, technical assistance and services necessary to perfect an application through the plan other than such commission as is paid by the insurer pursuant to the provisions of such plan.

(Added Ch. 213, Stats. 1959.)

Insurer Policy Regarding Race, Religion, Ancestry, Etc.

11628. (a) No admitted insurer, licensed to issue and issuing motor vehicle liability policies as defined in Section 16450 of the Vehicle Code, shall fail or refuse to accept an application for that insurance, to issue that insurance to an applicant therefor, or issue or cancel that insurance under conditions less favorable to the insured than in other comparable cases, except for reasons applicable alike to persons of every race, language, color, religion, national origin, ancestry, or the same geographic area; nor shall race, language, color, religion, national origin, ancestry, or location within a geographic area of itself constitute a condition or risk for which a higher rate, premium, or charge may be required of the insured for that insurance.

As used in this section "geographic area" means a portion of this state of not less than 20 square miles defined by description in the rating manual of an insurer or in the rating manual of a rating bureau of which the insurer is a member or subscriber. In order that geographic areas used for rating purposes may reflect homogeneity of loss experience, a record of loss experience for the geographic area shall include the breakdown of actual loss experience statistics by ZIP Code area (as designated by the United States Postal Service) within each geographic area for family owned private passenger motor vehicles and lightweight commercial motor vehicles, under 1/2-ton load capacity, used for local service or retail delivery, normally within a 50-mile radius of garaging, and which are not part of a fleet of five or more motor vehicles under one

ownership. A record of loss experience for the geographic area, including that statistical data by ZIP Code area, shall be submitted annually to the commissioner for examination by each insurer licensed to issue and issuing motor vehicle liability policies, motor vehicle physical damage policies, or both. Loss experience shall include separate loss data for each type of coverage, including liability or physical damage coverage, underwritten. That report shall include the insurer's statewide loss ratio, loss adjustment expense ratio, expense ratio, and combined ratio on its assigned-risk business. An insurer may satisfy its obligation to report statistical data under this subdivision by providing its loss experience data and statewide expense ratio and combined ratio on its assigned-risk business to a rating or advisory organization for submission to the commissioner. This data shall be made available to the public by the commissioner annually after examination. However, the data shall be released in aggregate form by ZIP Code in order that no individual insurer's loss experience for any specific geographic area be revealed. Differentiation in rates between geographical areas shall not constitute unfair discrimination.

All information reported to the department pursuant to this subdivision shall be confidential.

As used in this section, (1) "language" means the inability to speak, read, write, or comprehend the English language, (2) "dependents" shall include, but not be limited to, issue regardless of generation, and (3) "spouse" shall be determined without regard to current marital status.

(b) The commissioner may require insurers with combined ratios on statewide assigned-risk business that are 10 percent above the mean combined ratio for all plan participants to also report the following:

(1) The reason for the excessive ratio.

(2) A plan for reducing the ratio, and when the reduction can be expected to occur. The commissioner may require insurers subject to this subdivision to provide periodic reports on the progress in reducing the combined ratio.

(c) No admitted insurer, licensed to issue and issuing motor vehicle liability insurance policies as defined in Section 16450 of the Vehicle Code, shall fail or refuse to accept an application for that insurance, refuse to issue that insurance to an applicant therefor, or cancel that insurance solely for the reason that the applicant for that insurance or any insured is employed in a specific occupation, or is on active duty service in the Armed Forces of the United States.

Nothing in this section shall prohibit an insurer from:

(1) Considering the occupation of the applicant or insured as a condition or risk for which a higher rate or discounted rate may be required or offered for coverage in the course and scope of his or her occupation.

(2) Charging a deviated rate to any classification of risks involving a specific occupation, or grouping thereof, if the rate meets the requirements of Chapter 9 (commencing with Section 1850) of Part 2 of Division 1 and is based upon actuarial data which demonstrates a significant actual historical differential between past losses or expenses attributable to the specific occupation, or grouping thereof, and the past losses or expenses attributable to other classification of risks. For purposes of compiling that actuarial data for a specific occupation or grouping thereof, a person shall be deemed employed in the occupation in which that data is compiled if: (A) the majority of his or her employment during the previous year was in the occupation, or (B) the majority of his or her aggregate earnings for the immediate preceding three-year period were derived from the occupation, or (C) the person is a member in good standing of a union which is an authorized collective bargaining agent for persons engaged in the occupation.

Nothing in this section shall be construed to include in the definition of "occupation" any status or activity which does not result in remuneration for work done or services performed, or self-employment in a business operated out of an applicant's or insured's place of residence or persons engaged in the renting, leasing, selling, repossessing, rebuilding, wrecking, or salvaging of motor vehicles.

(d) Nothing in this section shall limit or restrict the ability of an insurer to refuse to accept an application for or refuse to issue or cancel such insurance for the reason that it is a commercial vehicle or based upon the consideration of a vehicle's size, weight, design, or intended use.

(e) It is the intent of the Legislature that actuarial data by occupation may be examined for credibility by the commissioner on the same basis as any other automobile insurance data which he or she is empowered to examine.

(f) (1) Except as provided in Article 4 (commencing with Section 11620), nothing in this section or in Article 10 (commencing with Section 1861.01) of Chapter 9 of Part 2

of Division 1 or in any other provision of this code, shall prohibit an insurer from limiting the issuance or renewal of insurance as defined in subdivision (a) of Section 660 to persons who engage in, or have formerly engaged in, governmental or military service or segments of categories thereof, and their spouses, dependents, and former dependents or spouses.

(2) The term "military service" includes, but is not limited to, officer and warrant officer candidates, cadets or midshipmen at a service academy, cadets or midshipmen in advance Reserve Officer Training Corps programs or on Reserve Officer Training Corps program scholarships, National Guard officer candidates, students in government-sponsored precommissioning programs, and foreign military officers while on temporary duty in the United States.

(g) ***Any person subject to regulation by the commissioner pursuant to this code that fails to comply with a data call required by the department pursuant to subdivision (a) shall be liable to the state for a civil penalty in an amount not exceeding five thousand dollars (\$5,000) for each 30-day period that the person is not in compliance, unless the failure to comply is willful, in which case the civil penalty shall be in an amount not to exceed ten thousand dollars (\$10,000) for each 30-day period that the person is not in compliance, but not to exceed an aggregate amount of one hundred thousand dollars (\$100,000). The commissioner shall collect the amount so payable and may bring an action in the name of the people of the State of California to enforce collection. These penalties shall be in addition to other penalties provided by law.***

(h) This section shall be known and may be cited as the "**Rosenthal Auto Insurance Nondiscrimination Law.**"

(Amended Sec. 1, Ch. 1076, Stats. 2002. Effective January 1, 2003.)

11628.3. (a) Based on the actuarial and loss experience data available to each insurer, including the driving records of mature driver improvement course graduates, as recorded by the Department of Motor Vehicles, every admitted insurer shall provide for an appropriate percentage of reduction in premium rates for motor vehicle liability insurance for principal operators who are 55 years of age or older and who produce proof of successful completion of the mature driver improvement course provided for and approved by the Department of Motor Vehicles pursuant to Section 1675 of the Vehicle Code.

(b) The insured shall enroll in and successfully complete the course described in subdivision (a) once every three years in order to continue to be eligible for an appropriate percentage of reduced premium.

(c) The percentage of premium reduction required by subdivision (a) shall be reassessed by the insurer upon renewal of the insured's policy. The insured's eligibility for any percentage of premium reduction shall be effective for a three-year period from the date of successful completion of the course described in subdivision (a), except that the insurer may discontinue the reduced premium rate if the insured is in any case:

(1) Involved in an accident for which the insured is at fault, as determined by the insurer.

(2) Convicted of a violation of Division 11 (commencing with Section 21000) of the Vehicle Code, except Chapter 9 (commencing with Section 22500) of that division, or of a traffic related offense involving alcohol or narcotics.

(d) The percentage of premium rate reduction required by subdivision (a) does not apply in the event the insured enrolls in, and successfully completes, an approved course pursuant to a court order provided for in Section 42005 of the Vehicle Code. Nothing in this subdivision precludes an insured from also enrolling in a driver improvement course.

(Added Ch. 1325, Stats. 1986. Effective January 1, 1987.)

Insurer Policy Regarding Physical Handicap

11628.5. No admitted insurer, licensed to issue motor vehicle liability policies as defined in Section 16450 of the Vehicle Code, shall fail or refuse to accept an application from a handicapped person for such insurance, or to issue such insurance to a handicapped applicant therefor solely because of handicap, or to issue or cancel such insurance under conditions less favorable to handicapped persons than nonhandicapped persons; nor shall a handicap itself constitute a condition or risk for which a higher rate, premium, or charge may be required of a handicapped person for such insurance.

As used in this section, "handicapped person" and "handicapped applicant" refer only to persons who have suffered an impairment of physical ability because of

amputation or loss of function which impairment has been compensated for, when necessary, by vehicle equipment adaptation or modification; or who have suffered an impairment of hearing which impairment has been compensated for, when necessary, either by sensory equipment adaptation or modification; or who have suffered an impairment of speech; provided, that the insurer may require a handicapped applicant for such insurance or the renewal of such insurance to furnish proof that he or she has qualified for a new or renewed drivers license through the California Department of Motor Vehicles since the occurrence of the handicapping condition.

If such insurer can justify a higher rate, premium, or charge for handicapped persons with actuarial evidence, a higher rate, premium, or charge may be required.

(Added Ch. 524, Stats. 1979. Effective January 1, 1980.)

Insurer Policy Regarding Blindness

11628.7. No admitted insurer, licensed to issue motor vehicle liability policies as defined in Section 16450 of the Vehicle Code, shall fail or refuse to accept an application for that insurance, or to issue that insurance, on the basis that the owner of the motor vehicle to be insured is blind. However, notwithstanding any other provision of law, an admitted insurer may exclude from coverage under the policy the unlicensed owner of a motor vehicle who is blind for injuries and damages incurred while the insured vehicle is operated by an unlicensed owner who is blind.

Nothing in this section shall prohibit an insurer from applying its usual and customary underwriting and rating criteria with respect to the operators of the vehicle to be insured, including, but not limited to, the loss experience the insurer has had with respect to the insured vehicle.

No insurer shall raise the premiums of an insured blind person or shall cancel the policy of an insured blind person solely on the basis that the operators of the insured vehicle are changed frequently.

(Added Ch. 330, Stats. 1981. Effective January 1, 1982.)

Article 5.5. County of Los Angeles Low-Cost Automobile Insurance Pilot Program
(Added Sec. 2, Ch. 794, Stats. 1999. Effective January 1, 2000.)

11629.7. (1) There is established, within the California Automobile Assigned Risk Plan established under Section 11620, a low-cost automobile insurance pilot program for the County of Los Angeles.

(2) The commissioner, after a public hearing, shall approve or issue a reasonable plan for the equitable apportionment, among insurers required to participate in the California Automobile Assigned Risk Plan established under Section 11620, of persons residing in the County of Los Angeles who are eligible to purchase through the pilot program established in that county a low-cost automobile insurance policy, as described in Section 11629.71. The pilot program shall be conducted in conjunction with the California Automobile Assigned Risk Plan established under Section 11620.

(Added Sec. 2, Ch. 794, Stats. 1999. Effective January 1, 2000.)

11629.71. A low-cost automobile insurance policy for purposes of the pilot program established under this article shall have all of the following attributes:

(a) The policy shall offer coverage in the amount of ten thousand dollars (\$10,000) for bodily injury to, or death of, each person as a result of any one accident and, subject to that limit as to one person, the amount of twenty thousand dollars (\$20,000) for bodily injury to, or death of all persons as a result of any one accident, and the amount of three thousand dollars (\$3,000) for damage to property of others as a result of any one accident.

(b) The policy shall have an initial term of one year, renewable on an annual basis thereafter.

(c) The policy shall cover the person named in the policy, and to the same extent that insurance is provided to the named insured, any other person using the automobile, provided the use is with his or her permission, express or implied, and within the scope of that permission, except that the policy shall not cover members of the named insured's household who do not satisfy the requirements of subdivisions (b) to (e), inclusive, of Section 11629.73.

(d) The policy shall provide coverage for an automobile with a value, at the time of purchase by the insured, of twelve thousand dollars (\$12,000) or less, as evidenced by the value given to the automobile by the Department of Motor Vehicles in assessing vehicle license fees.

(Added Sec. 2, Ch. 794, Stats. 1999. Effective January 1, 2000.)

11629.72. (a) The annual rate offered initially under the pilot program for the low-cost automobile insurance policy, until the time that the rate is adjusted, shall be four

hundred fifty dollars (\$450). A surcharge of 25 percent of the base rate shall be added if the named insured is an unmarried male between the ages of 19 and 24, inclusive, or if an unmarried male between the ages of 19 and 24, inclusive, resides in the household of the named insured and will be a driver of the automobile covered under the low-cost policy.

(b) In addition to existing premium installment options offered by the California Automobile Assigned Risk Plan under Article 4 (commencing with Section 11620), the plan shall also make available to an insured under the pilot program, a premium installment option pursuant to which an insured is required to pay one hundred dollars (\$100) upon issuance of the low-cost policy, followed thereafter by six other payments. No other premium financing arrangement shall be permitted.

(c) Rates for policies issued under the pilot program shall be reviewed and revised as follows:

(1) Rates shall be sufficient to cover (A) losses incurred under policies issued under the pilot program, and (B) expenses, including, but not limited to, all reasonable and necessary expenses such as the costs of administration, underwriting, taxes, commissions, and claims adjusting, that are incurred due to participation in this pilot program. For purposes of this paragraph, "losses incurred" means claims paid, claims incurred and reported, and claims incurred but not yet reported. In assessing loss reserves, the commissioner shall only allow loss reserves that are estimated from actual losses in the pilot program or comparable data by a licensed statistical agent, as adjusted to reflect coverage provided under this pilot program.

(2) Rates shall be set so as to result in no projected subsidy of the pilot program by those policyholders of insurers issuing policies under the pilot program who are not participants in the pilot program.

(3) Rates shall be set with respect to this pilot program, and the pilot program established in Article 5.6 (commencing with Section 11629.9), so as to result in no projected subsidy by policyholders in one pilot program of policyholders in the other pilot program.

(4) Commencing on January 1, 2001, and annually thereafter, the California Automobile Assigned Risk Plan shall submit the loss and expense data, together with a proposed rate for the low-cost automobile policy for the pilot program, to the commissioner for approval in accordance with this chapter. The commissioner shall act on the recommendation within 90 days.

(Added Sec. 2, Ch. 794, Stats. 1999. Effective January 1, 2000.)

11629.73. A low-cost automobile insurance policy under the pilot program shall only be available for purchase by persons who satisfy the following eligibility requirements:

(a) The person shall be in a household with a gross annual household income that does not exceed 150 percent of the federal poverty level.

(b) The person shall be no less than 19 years of age and have been continuously licensed to drive an automobile for the previous three years.

(c) The person shall have not more than one of either, but not both, of the following within the previous three years:

(1) A property damage only accident in which the driver was principally at fault.

(2) A point for a moving violation.

(d) The person shall not have on record within the previous three years, an at-fault accident involving bodily injury or death.

(e) The person shall not have a felony or misdemeanor conviction for a violation of the Vehicle Code on his or her motor vehicle record.

(f) The person shall not be a college student claimed as a dependent of another person for federal or state income tax purposes.

(Added Sec. 2, Ch. 794, Stats. 1999. Effective January 1, 2000.)

11629.74. (a) Application may be made through any producer certified by the plan. The applicant, in order to demonstrate financial eligibility to purchase a low-cost automobile insurance policy under the pilot program, shall present at the time of applying for the policy, a copy of the applicant's federal or state income tax return for the previous year or other reliable evidence from a governmental agency or governmental means-tested program of the applicant's gross annual household income, pursuant to regulations issued under subdivision (b) of Section 11629.79.

(b) The applicant shall certify that the representations made in the documents submitted as proof of financial eligibility and in the application for the policy are true, correct, and contain no material misrepresentations or omissions of fact to the best knowledge and belief of the applicant.

(c) The certified producer shall forward the application, supporting documents, and the applicant's certification to the California Automobile Assigned Risk Plan.
(Added Sec. 2, Ch. 794, Stats. 1999. Effective January 1, 2000.)

11629.75. (a) A certified producer shall provide to an applicant for a low-cost automobile insurance policy under this article a notice relating to coverage under the policy. The notice shall be provided in a separate document at the time of application, and include the following statement in 14-point boldface type:

"NOTICE

INSURANCE COVERAGE PROVIDED IN THE POLICY YOU ARE BUYING CONTAINS REDUCED LIABILITY COVERAGE FOR PERSONAL INJURIES OR PROPERTY DAMAGE RESULTING FROM THE OPERATION OF THE INSURED VEHICLE. IF LOSSES FROM AN AUTOMOBILE ACCIDENT EXCEED THE COVERAGE PROVIDED BY THIS POLICY, YOU CAN BE HELD PERSONALLY LIABLE AND RESPONSIBLE FOR THOSE LOSSES.

THIS POLICY PROVIDES LIABILITY COVERAGE FOR INJURIES OR DEATH CAUSED TO OTHER PERSONS IN THE TOTAL AMOUNT OF TEN THOUSAND DOLLARS (\$10,000) PER PERSON IN ANY ONE ACCIDENT, AND UP TO A TOTAL AMOUNT OF TWENTY THOUSAND (\$20,000) FOR ALL PERSONS IN ANY ONE ACCIDENT. THE POLICY ALSO PROVIDES UP TO A TOTAL AMOUNT OF THREE THOUSAND DOLLARS (\$3,000) IN LIABILITY COVERAGE FOR PROPERTY DAMAGE IN ANY ONE ACCIDENT. IF YOU WANT MORE INSURANCE COVERAGE, YOU MUST REQUEST A DIFFERENT POLICY.

THIS POLICY ALSO DOES NOT COVER DAMAGE TO YOUR OWN VEHICLE, LOSSES RESULTING FROM YOUR BODILY INJURY OR DEATH, OR COVERAGE FOR LOSSES CAUSED BY AN UNINSURED OR UNDERINSURED DRIVER. HOWEVER, THESE OTHER COVERAGES MAY BE AVAILABLE AT EXTRA COST THROUGH OTHER INSURERS.

THIS POLICY DOES NOT COVER ANY OTHER DRIVER IN YOUR HOUSEHOLD WHO:

(a) IS UNDER 19 YEARS OF AGE; OR

(b) HAS LESS THAN 3 YEARS OF CONTINUOUSLY LICENSED DRIVING EXPERIENCE; OR

(c) HAS MORE THAN ONE OF EITHER, OR BOTH, OF THE FOLLOWING:

—A PROPERTY DAMAGE ONLY ACCIDENT IN WHICH THE DRIVER WAS PRINCIPALLY AT FAULT.

—A POINT FOR A MOVING VIOLATION; OR

(d) HAS IN THE PREVIOUS 3 YEARS AN AT-FAULT ACCIDENT INVOLVING BODILY INJURY OR DEATH; OR

(e) HAS A FELONY OR MISDEMEANOR CONVICTION FROM A VIOLATION OF THE VEHICLE CODE ON HIS OR HER MOTOR VEHICLE RECORD."

(b) When the certified producer establishes delivery of the disclosure form specified in subdivision (a) by obtaining the signature of the applicant or insured, there shall be a conclusive presumption that the certified producer has complied with the disclosure requirements of this section.

(Added Sec. 2, Ch. 794, Stats. 1999. Effective January 1, 2000.)

11629.76. For a low-cost automobile insurance policy issued pursuant to the pilot program, certified producers shall be entitled to the same commission rate as is paid by the California Automobile Assigned Risk Plan for private passenger, nonfleet risks under Article 4 (commencing with Section 11620). No other fees of any kind may be charged or collected in this regard and the sale of a low-cost policy under this article shall not be conditioned on the purchase of any other product or service.

(Added Sec. 2, Ch. 794, Stats. 1999. Effective January 1, 2000.)

11629.77. (a) A low-cost automobile insurance policy issued pursuant to the pilot program shall be canceled only for the following reasons:

(1) Nonpayment of premium.

(2) Fraud or material misrepresentation affecting the policy or the insured.

(3) The purchase of additional automobile liability insurance coverage in violation of subdivision (a) of Section 11629.78.

(4) The purchase or maintenance of automobile liability insurance coverage other than a low-cost policy for any additional vehicles in the insured's household, in violation of subdivision (b) of Section 11629.78.

(b) A policy shall be nonrenewed only for the following reasons:

(1) A substantial increase in the hazard insured against.

(2) The insured no longer meets the applicable eligibility requirements. In this regard, the eligibility of an insured shall be recertified by the California Automobile Assigned Risk Plan after the first year of eligibility, and annually thereafter by the insurer that issued the policy.

(Added Sec. 2, Ch. 794, Stats. 1999. Effective January 1, 2000.)

11629.78. (a) An insured under the pilot program shall not purchase automobile liability insurance coverage that is in addition to the liability coverage provided by the low-cost policy. However, the insured may purchase any other additional type of automobile insurance coverage, such as uninsured motorist coverage or collision coverage outside the plan.

(b) An insured under the pilot program shall not purchase or maintain any automobile liability insurance coverage other than a low-cost policy for any additional vehicles in the insured's household.

(c) No more than two low-cost policies are permitted in an insured's household.

(Added Sec. 2, Ch. 794, Stats. 1999. Effective January 1, 2000.)

11629.731. A person who meets the requirements of subdivision (a) of Section 11629.73, and who claims that he or she meets the requirements of subdivisions (b) to (e), inclusive, of Section 11629.73 based entirely or partially on a driver's license and driving experience obtained other than in the United States or Canada, shall be entitled to a rebuttable presumption that he or she is qualified to purchase a low-cost automobile insurance policy under the pilot program if he or she has been licensed to drive pursuant to a license obtained in the United States or Canada for at least the previous 18 months and meets the criteria of subdivisions (b) to (e), inclusive, for that period.

(Added Sec. 1, Ch. 1033, Stats. 2000. Effective September 30, 2000.)

11629.79. (a) The pilot program is authorized to commence operations on January 1, 2000, but shall be fully operational no later than July 1, 2000.

(b) To this end, the commissioner, in consultation with the California Automobile Assigned Risk Plan, shall adopt regulations to implement the provisions of this article within 60 days of its effective date. The regulations shall be adopted as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of the Government Code, and for purposes of that chapter, the adoption of the regulations shall be considered by the Office of Administrative Law to be necessary for the immediate preservation of the public peace, health and safety, and general welfare.

(Added Sec. 2, Ch. 794, Stats. 1999. Effective January 1, 2000.)

11629.8. Notwithstanding the coverage amounts required by Section 16056 of the Vehicle Code, a low-cost automobile policy issued under the pilot program shall satisfy the financial responsibility requirements of Sections 4000.37, 16021, and 16431 of the Vehicle Code.

(Amended Sec. 1, Ch. 1035, Stats. 2000. Effective January 1, 2001.)

11629.81. The California Automobile Assigned Risk Plan shall report to the Legislature on an annual basis, commencing January 1, 2001, and at those additional times as it deems prudent, on the status of the pilot program.

(Added Sec. 2, Ch. 794, Stats. 1999. Effective January 1, 2000.)

11629.82. Nothing in this article is intended to amend or otherwise affect or interpret any provision of Proposition 103, approved by the electors on November 8, 1988, and no provision of that initiative measure applies to this article.

(Added Sec. 2, Ch. 794, Stats. 1999. Effective January 1, 2000.)

11629.83. An action challenging the constitutionality of the establishment of the pilot program by this article shall be commenced in a court of competent jurisdiction no later than February 1, 2000.

(Added Sec. 2, Ch. 794, Stats. 1999. Effective January 1, 2000.)

11629.84. This article shall remain in effect only until January 1, 2004, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2004, deletes or extends that date.

(Added Sec. 2, Ch. 794, Stats. 1999. Effective January 1, 2000.)

Article 5.6 City and County of San Francisco
Low-Cost Automobile Insurance Pilot Program
(Added Sec. 2, Ch. 807, Stats. 1999. Effective January 1, 2000.)

11629.9. (1) There is established, within the California Automobile Assigned Risk Plan established under Section 11620, a low-cost automobile insurance pilot program for the City and County of San Francisco.

(2) The commissioner, after a public hearing, shall approve or issue a reasonable plan for the equitable apportionment, among insurers required to participate in the California Automobile Assigned Risk Plan established under Section 11620, of persons residing in the City and County of San Francisco who are eligible to purchase through the pilot program established in that city and county a low-cost automobile insurance policy, as described in Section 11629.91. The pilot program shall be conducted in conjunction with the California Automobile Assigned Risk Plan established under Section 11620.

(Added Sec. 2, Ch. 807, Stats. 1999. Effective January 1, 2000.)

11629.91. A low-cost automobile insurance policy for purposes of the pilot program established under this article shall have all of the following attributes:

(a) The policy shall offer coverage in the amount of ten thousand dollars (\$10,000) for bodily injury to, or death of, each person as a result of any one accident and, subject to that limit as to one person, the amount of twenty thousand dollars (\$20,000) for bodily injury to, or death of all persons as a result of any one accident, and the amount of three thousand dollars (\$3,000) for damage to property of others as a result of any one accident.

(b) The policy shall have an initial term of one year, renewable on an annual basis thereafter.

(c) The policy shall cover the person named in the policy, and to the same extent that insurance is provided to the named insured, any other person using the automobile, provided the use is with his or her permission, express or implied, and within the scope of that permission, except that the policy shall not cover members of the named insured's household who do not satisfy the requirements of subdivisions (b) to (e), inclusive, of Section 11629.93.

(d) The policy shall provide coverage for an automobile with a value, at the time of purchase by the insured, of twelve thousand dollars (\$12,000) or less, as evidenced by the value given to the automobile by the Department of Motor Vehicles in assessing vehicle license fees.

(Added Sec. 2, Ch. 807, Stats. 1999. Effective January 1, 2000.)

11629.92. (a) The annual rate offered initially under the pilot program for the low-cost automobile insurance policy, until the time that the rate is adjusted, shall be four hundred ten dollars (\$410). A surcharge of 25 percent of the base rate shall be added if the named insured is an unmarried male between the ages of 19 and 24, inclusive, or if an unmarried male between the ages 19 and 24, inclusive, resides in the household of the named insured and will be a driver of the automobile covered under the low-cost policy.

(b) In addition to existing premium installment options offered by The California Automobile Assigned Risk Plan under Article 4 (commencing with Section 11620), the plan shall also make available to insureds under the pilot program, a premium installment option pursuant to which an insured is required to pay one hundred dollars (\$100) upon issuance of the low-cost policy, followed thereafter by six other payments. No other premium financing arrangement shall be permitted.

(c) Rates for policies issued under the pilot program shall be reviewed and revised as follows:

(1) Rates shall be sufficient to cover (A) losses incurred under policies issued under the pilot program, and (B) expenses, including, but not limited to, all reasonable and necessary expenses such as the costs of administration, underwriting, taxes, commissions, and claims adjusting, that are incurred due to participation in this pilot program. For purposes of this paragraph, "losses incurred" means claims paid, claims incurred and reported, and claims incurred but not yet reported. In assessing loss reserves, the commissioner shall only allow loss reserves that are estimated from actual losses in the pilot program or comparable data by a licensed statistical agent, as adjusted to reflect coverage provided in this pilot program.

(2) Rates shall be set so as to result in no projected subsidy of the pilot program by those policyholders of insurers issuing policies under the pilot program who are not participants in the pilot program.

(3) Rates shall be set with respect to this pilot program, and the pilot program established in Article 5.5 (commencing with Section 11629.7) of the 1999–2000 Regular Session, so as to result in no projected subsidy by policyholders in one pilot program of policyholders in the other pilot program.

(4) Commencing on January 1, 2001, and annually thereafter, the California Automobile Assigned Risk Plan shall submit the loss and expense data, together with a proposed rate for the low-cost automobile policy for the pilot program, to the commissioner for approval in accordance with this chapter. The commissioner shall act on the recommendation within 90 days.

(Added Sec. 2, Ch. 807, Stats. 1999. Effective January 1, 2000.)

11629.93. A low-cost automobile insurance policy under the pilot program shall only be available for purchase by persons who satisfy the following eligibility requirements:

(a) The person shall be in a household with a gross annual household income that does not exceed 150 percent of the federal poverty level.

(b) The person shall be no less than 19 years of age and have been continuously licensed to drive an automobile for the previous three years.

(c) The person shall have not more than one of either, but not both, of the following within the previous three years:

(1) A property damage only accident in which the driver was principally at fault.

(2) A point for a moving violation.

(d) The person shall not have on record within the previous three years, an at-fault accident involving bodily injury or death.

(e) The person shall not have a felony or misdemeanor conviction for a violation of the Vehicle Code on his or her motor vehicle record.

(f) The person shall not be a college student claimed as a dependent of another person for federal or state income tax purposes.

(Added Sec. 2, Ch. 807, Stats. 1999. Effective January 1, 2000.)

11629.94. (a) Application may be made through any producer certified by the plan. The applicant, in order to demonstrate financial eligibility to purchase a low-cost automobile insurance policy under the pilot program, shall present at the time of applying for the policy, a copy of the applicant's federal or state income tax return for the previous year or other reliable evidence from a governmental agency or governmental means-tested program of the applicant's gross annual household income, pursuant to regulations issued under subdivision (b) of Section 11629.99.

(b) The applicant shall certify that the representations made in the documents submitted as proof of financial eligibility and in the application for the policy are true, correct, and contain no material misrepresentations or omissions of fact to the best knowledge and belief of the applicant.

(c) The certified producer shall forward the application, supporting documents, and the applicant's certification to the California Automobile Assigned Risk Plan.

(Added Sec. 2, Ch. 807, Stats. 1999. Effective January 1, 2000.)

11629.95. (a) A certified producer shall provide to an applicant for a low-cost automobile insurance policy under this article a notice relating to coverage under the policy. The notice shall be provided in a separate document at the time of application, and include the following statement in 14-point boldface type:

“NOTICE

INSURANCE COVERAGE PROVIDED IN THE POLICY YOU ARE BUYING CONTAINS REDUCED LIABILITY COVERAGE FOR PERSONAL INJURIES OR PROPERTY DAMAGE RESULTING FROM THE OPERATION OF THE INSURED VEHICLE. IF LOSSES FROM AN AUTOMOBILE ACCIDENT EXCEED THE COVERAGE PROVIDED BY THIS POLICY, YOU CAN BE HELD PERSONALLY LIABLE AND RESPONSIBLE FOR THOSE LOSSES.

THIS POLICY PROVIDES LIABILITY COVERAGE FOR INJURIES OR DEATH CAUSED TO OTHER PERSONS IN THE TOTAL AMOUNT OF TEN THOUSAND DOLLARS (\$10,000) PER PERSON IN ANY ONE ACCIDENT, AND UP TO A TOTAL AMOUNT OF TWENTY THOUSAND (\$20,000) FOR ALL PERSONS IN ANY ONE ACCIDENT. THE POLICY ALSO PROVIDES UP TO A TOTAL AMOUNT OF THREE THOUSAND DOLLARS (\$3,000) IN LIABILITY COVERAGE FOR PROPERTY DAMAGE IN ANY ONE ACCIDENT. IF YOU WANT MORE INSURANCE COVERAGE, YOU MUST REQUEST A DIFFERENT POLICY.

THIS POLICY ALSO DOES NOT COVER DAMAGE TO YOUR OWN VEHICLE,

LOSSES RESULTING FROM YOUR BODILY INJURY OR DEATH, OR COVERAGE FOR LOSSES CAUSED BY AN UNINSURED OR UNDERINSURED DRIVER. HOWEVER, THESE OTHER COVERAGES MAY BE AVAILABLE AT EXTRA COST THROUGH OTHER INSURERS.

THIS POLICY DOES NOT COVER ANY OTHER DRIVER IN YOUR HOUSEHOLD WHO:

- (a) IS UNDER 19 YEARS OF AGE; OR
- (b) HAS LESS THAN 3 YEARS OF CONTINUOUSLY LICENSED DRIVING EXPERIENCE; OR
- (c) HAS MORE THAN ONE OF EITHER, OR BOTH, OF THE FOLLOWING:
 - A PROPERTY DAMAGE ONLY ACCIDENT IN WHICH THE DRIVER WAS PRINCIPALLY AT FAULT.
 - A POINT FOR A MOVING VIOLATION; OR
- (d) HAS IN THE PREVIOUS 3 YEARS AN AT-FAULT ACCIDENT INVOLVING BODILY INJURY OR DEATH; OR
- (e) HAS A FELONY OR MISDEMEANOR CONVICTION FROM A VIOLATION OF THE VEHICLE CODE ON HIS OR HER MOTOR VEHICLE RECORD.”

(b) When the certified producer establishes delivery of the disclosure form specified in subdivision (a) by obtaining the signature of the applicant or insured, there shall be a conclusive presumption that the certified producer has complied with the disclosure requirements of this section.

(Added Sec. 2, Ch. 807, Stats. 1999. Effective January 1, 2000.)

11629.96. For a low-cost automobile insurance policy issued pursuant to the pilot program, certified producers shall be entitled to the same commission rate as is paid by the California Automobile Assigned Risk Plan for private passenger, nonfleet risks under Article 4 (commencing with Section 11620). No other fees of any kind may be charged or collected in this regard and the sale of a low-cost policy under this article shall not be conditioned on the purchase of any other product or service.

(Added Sec. 2, Ch. 807, Stats. 1999. Effective January 1, 2000.)

11629.97. (a) A low-cost automobile insurance policy issued pursuant to the pilot program shall be canceled only for the following reasons:

- (1) Nonpayment of premium.
- (2) Fraud or material misrepresentation affecting the policy or the insured.
- (3) The purchase of additional automobile liability insurance coverage in violation of subdivision (a) of Section 11629.98.
- (4) The purchase or maintenance of automobile liability insurance coverage other than a low-cost policy for any additional vehicles in the insured's household, in violation of subdivision (b) of Section 11629.98.

(b) A policy shall be nonrenewed only for the following reasons:

- (1) A substantial increase in the hazard insured against.
- (2) The insured no longer meets the applicable eligibility requirements. In this regard, the eligibility of an insured shall be recertified by the California Automobile Assigned Risk Plan after the first year of eligibility, and annually thereafter by the insurer that issued the policy.

(Added Sec. 2, Ch. 807, Stats. 1999. Effective January 1, 2000.)

11629.98. (a) An insured under the pilot program shall not purchase automobile liability insurance coverage that is in addition to the liability coverage provided by the low-cost policy. However, the insured may purchase any other additional type of automobile insurance coverage, such as uninsured motorist coverage or collision coverage outside the plan.

(b) An insured under the pilot program shall not purchase or maintain any automobile liability insurance coverage other than a low-cost policy for any additional vehicles in the insured's household.

(c) No more than two low-cost policies are permitted in an insured's household.

(Added Sec. 2, Ch. 807, Stats. 1999. Effective January 1, 2000.)

11629.99. (a) The pilot program is authorized to commence operations on January 1, 2000, but shall be fully operational no later than July 1, 2000.

(b) To this end, the commissioner, in consultation with the California Automobile Assigned Risk Plan, shall adopt regulations to implement the provisions of this article

within 60 days of its effective date. The regulations shall be adopted as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of the Government Code, and for purposes of that chapter, the adoption of the regulations shall be considered by the Office of Administrative Law to be necessary for the immediate preservation of the public peace, health and safety, and general welfare.

(Added Sec. 2, Ch. 807, Stats. 1999. Effective January 1, 2000.)

11629.931. A person who meets the requirements of subdivision (a) of Section 11629.93, and who claims that he or she meets the requirements of subdivisions (b) to (e), inclusive, of Section 11629.73 based entirely or partially on a driver's license and driving experience obtained other than in the United States or Canada, shall be entitled to a rebuttable presumption that he or she is qualified to purchase a low-cost automobile insurance policy under the pilot program if he or she has been licensed to drive pursuant to a license obtained in the United States or Canada for at least the previous 18 months and meets the criteria of subdivisions (b) to (e), inclusive, for that period.

(Added Sec. 2, Ch. 1033, Stats. 2000. Effective September 30, 2000.)

11629.991. Notwithstanding the coverage amounts required by Section 16056 of the Vehicle Code, a low-cost automobile policy issued under the pilot program shall satisfy the financial responsibility requirements of Sections 4000.37, 16021, and 16431 of the Vehicle Code.

(Amended Sec. 2, Ch. 1035, Stats. 2000. Effective January 1, 2001.)

11629.992. The California Automobile Assigned Risk Plan shall report to the Legislature on an annual basis, commencing January 1, 2001, and at those additional times as it deems prudent, on the status of the pilot program.

(Added Sec. 2, Ch. 807, Stats. 1999. Effective January 1, 2000.)

11629.993. Nothing in this article is intended to amend or otherwise affect or interpret any provision of Proposition 103, approved by the electors on November 8, 1988, and no provision of that initiative measure applies to this article.

(Added Sec. 2, Ch. 807, Stats. 1999. Effective January 1, 2000.)

11629.994. An action challenging the constitutionality of the establishment of the pilot program by this article shall be commenced in a court of competent jurisdiction no later than February 1, 2000.

(Added Sec. 2, Ch. 807, Stats. 1999. Effective January 1, 2000.)

11629.995. This article shall remain in effect only until January 1, 2004, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2004, deletes or extends that date.

(Added Sec. 2, Ch. 807, Stats. 1999. Effective January 1, 2000.)

Financial Responsibility Penalty Account

12980. The Financial Responsibility Penalty Account is hereby created in the General Fund. Moneys in the account shall be expended, upon appropriation therefor, for matters including, but not limited to, automobile insurance and financial responsibility of vehicle owners and operators.

(Added Ch. 1494, Stats. 1985. Effective January 1, 1986.)